

Connect and develop at Procter and Gamble

Part 2: Towards maturity

JOHN BESSANT
Managing Innovation



Connect and Develop into Adulthood

As the *Connect and Develop* programme has come into maturity, there has been a strengthening focus on discontinuous innovation as a driver of growth. Robert McDonald (P&G CEO 2010-2013) [described it in 2012](#) as *'a deliberate refocus on discontinuous innovation'...* *'We will maintain our commitment to ongoing innovation in our base business (i.e., the innovations that enable P&G's brands to maintain superior performance and value between more innovations), but some of our fastest periods of growth — and some of our largest and most profitable present day businesses — were driven by discontinuous innovation'.*

A significant capability for developing this kind of discontinuous innovation are the systems and structures that facilitate connections for open innovation. There has been an emphasis on the creation of intuitive platforms for social interaction, *'We designed websites to reinforce consumer connections, to better understand consumers' needs, and to experiment with prototypes'*, [A.G. Lafley \(P&G CEO 2000-2010, 2013-2015\), stated in 2008](#). *'For example, we used to hand-make baby diapers for a product test. Now, we show people digitally created alternatives in an onscreen virtual world. If the consumers we're talking to have an idea, we can redesign it immediately and ask them, "Do you like that better? How would you use it?" It allows us to iterate very quickly. In effect, we are building a social system with the purchasers (and potential purchasers) of our products, enabling them to codesign and co-engineer our innovations'.*

The early days of *Connect and Develop* were characterised by this development of networks and new platforms for connection, and this has continued as the programme has grown. There is a deepening understanding of the need for these platforms to have an ease of use conducive to collaboration "As P&G enters its Second Decade of *Connect+Develop*, our focus is on strengthening areas of our open innovation work to deliver more discontinuous, breakthrough innovations. Part of that work means making connections both easier and more effective," said Laura Becker, General Manager *Connect and Develop* and Global Business Development. In 2013 P&G launched its Open Innovation website, a platform that clearly categorizes and describes the areas in which P&G are actively searching for innovation, and allows submissions from a global pool of users.

A more recent *Connect & Develop* initiative is the 'Live Well Collaborative', a collaboration between Procter & Gamble and the University of Cincinnati. Focussing on the rapidly growing need for products and services for the 50 plus market. You can learn more about recent projects [here](#).

Reflecting on the hurdles... Shifting the 'David and Goliath' mindset

A major impetus behind the *Connect and Develop* was the observation that a significant portion of productive innovation, and certainly the kind of breakthrough, discontinuous innovation that P&G were after, came from SME's and even individuals. [As Roy Sandbach](#) (P&G Research Fellow 1981 – 2012), put it, in an audio interview *'The first challenge is the big guy, little guy challenge. Many ideas, particularly*

disruptive ideas, will tend to come from sources which are small compared to P&G, and we need to encourage those people to come to us with their ideas, and therefore we need to have a very sophisticated intellectual property plan, and we need to make sure that they come to us and talk to the people who they can feel comfortable with’.

Indeed, a recent article on the start-ups competing for P&G’s ‘Tampax’ market share highlights an outlook that continues to persevere, ‘*These big brands might dominate for now, but that’s not to say they’re going to dominate forever*’ says Celia Pool, co-founder of ‘Tampax’ competitor, ‘Dame’. It is an adversarial attitude that serves to emphasize the blocks to collaboration when the difference in scale between two players is so vast. Despite its many obvious advantages, there are aspects of P&G’s size that provide significant hurdles compared to their lean and nimble-by-comparison competitors. In the case of ‘Tampax’, this has been the cause of what has been perceived as an out-of-step approach, as [Sophie Elmhurst reports in The Guardian](#) ‘*In such moments, multinationals can resemble the I’m-your-mate teacher with a tone-deaf enthusiasm for trends to which they are fatally late. (Women’s empowerment and period pride are in, you say? We’ll see you there, just after we’ve intensely focus-grouped the issue and come up with a hashtag*’. Despite what may be the best intentions of P&G, there is a ‘David and Goliath’ mindset at play that can present significant hurdles to cooperation.

Opening the doors to the chocolate factory

In a talk at [Proctor and Gamble’s 2014 Connect and Develop summit](#), communications experts Amanda Sellers and Darby Pearson proposed an alternative to the ‘David and Goliath’ analogy. They used the story of Roald Dahl’s ‘Charlie and the Chocolate Factory’ as an example of Open Innovation at work. After years of operating a closed-doors policy, Willy Wonka opens his factory to select members of the public, eventually inviting the eponymous Charlie to inherit the business. By inviting users to participate in the various innovations that are in production, Willy Wonka gains a valuable perspective as to their utility. Rather than a story of ‘big guy vs little guy’, this narrative is one of cooperation and communication (albeit with a variety of unfortunate casualties along the way).

Roy Sandbach describes the ‘David and Goliath’ hurdle, and explains how P&G are able to put in place framework for a more productive dynamic, ‘*The first challenge is the big guy, little guy challenge. Many ideas, particularly disruptive ideas, will tend to come from sources which are small compared to P&G, and we need to encourage those people to come to us with their ideas, and therefore we need to have a very sophisticated intellectual property plan, and we need to make sure that they come to us and talk to the people who they can feel comfortable with’.*

That *Connect and Develop* has, in a sense, ‘opened the doors to the factory’ has not simply provided opportunities for growth. It has also created a space for collaboration that directly enables a greater level of user-input, thereby creating more meaningful products for its customers. As Larry Huston (attorney P&G 1987-2018) and Nabil Sakkab (Senior VP, Corporate Research and Development P&G 1974-2007) put it in [an article for the Harvard Business Review](#), ‘When people first hear about *Connect and Develop*, they often think it’s the same as outsourcing innovation—contracting with outsiders to

develop innovations for P&G. But it's not. Outsourcing strategies typically just transfer work to lower-cost providers. *Connect and Develop*, by contrast, is about finding good ideas and bringing them in to enhance and capitalize on internal capabilities.'

Questions to consider:

- ‘Connect and develop’ was born nearly twenty years ago as a radical shift in the underlying innovation model at P&G. Has it worked? Where are the successes and where is the track record less impressive?
- What are the key routines – the enabling structures and tools – which support the Connect and Develop model of open innovation?
- What key lessons has P&G learned and how has it adapted and developed its open innovation approach?

Helpful links for further reading

<https://consumervaluecreation.com/2016/03/11/procter-gamble-from-rd-to-connectdevelop-platform/>

<https://hbr.org/2006/03/connect-and-develop-inside-procter-gambles-new-model-for-innovation>

<https://www.strategy-business.com/article/08304?gko=a6111>

Video links

‘Willy Wonka, Trade Secrets and Exposing Innovation for the Greater Good’ – Amanda Sellers and Darby Pearson <https://www.youtube.com/watch?v=yZx6oLy1AfU>

History of Connect and Develop <https://www.youtube.com/watch?v=SAvwst8FAuk>

Innovation at P&G https://www.youtube.com/watch?v=MpOQ_x-lrbk

A.G. Lafley, Former Chairman & CEO, P&G, discussing Open Innovation.
https://www.youtube.com/watch?v=_7mMTorIAXs

‘What is Open Innovation?’ <https://www.youtube.com/watch?v=GD2wCS2xwWQ>

You can find our **interview** with Roy Sandbach [here](#).

Questions for Discussion

- Can you think of other examples of online platforms that have been created to facilitate co-creation? What have been their successes? And failures? What lessons can we take from them?
- Take a look at the [Live Well Collaborative website](#). Choose one of the projects completed by Live Well Collaborative, and consider the ways in which collaboration and Open Innovation has made it possible. Create a short presentation with your findings.
- Can you think of examples of other organisations that have implemented specific systems to facilitate Open Innovation? In what ways have they been different to *Connect and Develop*?